

PX015
(Google's Proposed Redactions)

Attorney-client confidential - not for distribution

Sellside 3-Year Strategy

August, 2021

Part 1: Overall Sellside	1
1. Sellside Context	1
2. Marketwide Trends and Impact	3
3. Overall Strategic Objectives	5
4. Historically underinvested areas (seeking incremental 2022 investment)	6
Part 2: Product Specific Strategies	6
A. Apps Strategy	6
B. Ad Manager Strategy (Web)	10
C. AdSense Strategy (Web)	11
D. Ad Manager Video Strategy	15

Part 1: Overall Sellside

1. Sellside Context

The Sellside operates two missions simultaneously: for our network products, as the publisher facing arm of the buy-side to sell Google ads in an advertiser-safe way, and as a Sellside platform for publishers to run their ads monetization businesses. To a large extent, these efforts support each others' success.

It's also useful to examine the role of Sellside in the larger Google context:

1. Google's main business is the intersection of helping users find information and concurrently delivering high ROI advertising solutions alongside content generated by 1st and 3rd parties.

Commented [1]: In addition to network mission + platform mission, is there another broader mission in supporting the long term health of the open / free internet?

Commented [2]: Good question (as per go/ads mission starting with 'Power the open and free internet...')

Commented [3]: Might we also reference how we fund the content that supports our core search business as part of the health of the web story?

Part 2: Product Specific Strategies

A. Apps Strategy

Key Themes

- A. *Explosive growth in 2021.* [REDACTED]. Mobile Gaming adoption and spend drove the growth. We see large opportunities in under-monetized categories including finance, retail, and social where monetization has not matched usage growth.

- B. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

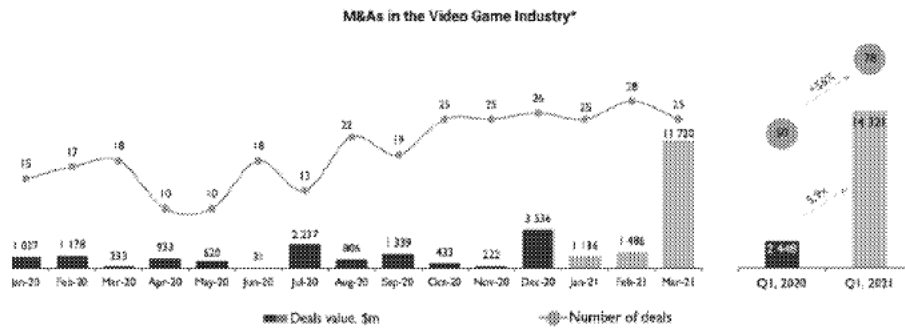
- C. *Market-driven consolidation.* High multiples in publicly-traded and large privately-financed gaming companies are driving IPOs and M&A. Quick gains from monetization affect valuations and IAP revenue serves as a strategic hedge against IDFA deprecation. We also expect privacy rules to favor 1st party relationships and therefore some amount of consolidation to occur. We already see activity by studios (e.g. Voodoo) and ad network/studio combination (AppLovin, IronSource, Bytedance). APAC companies (tech and non-tech) see the export app business model as a strong investment and hedge against their other businesses. Acquisition targets are also eager to sell due to high valuations and a risky regulatory environment.

Commented [37]: Worth pointing out that global LAT opt out is in addition to these numbers? i.e. not all users can even be ATT'd?

Commented [38]: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

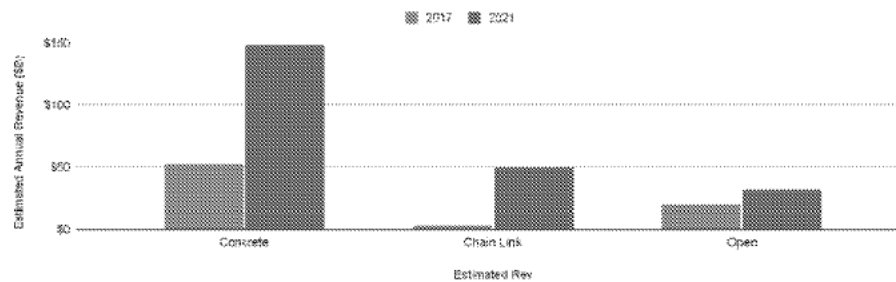
Commented [39]: /s/when/as

Should this be present tense? Since YT and IGA aren't prompting?



D. Walled gardens continue growing, but with different philosophies

Estimated Industry Annual Revenue by Access Type



- a. **Established walled gardens** (Facebook, Tencent, Amazon) - inventory typically requiring purchase through their buying door.
- b. **Chain link** (Snap, Pinterest, Bytedance, Line, Twitter, Mail.ru) - 2nd generation walled gardens that are willing to share access to select parts of their inventory on specific terms.
- c. **Open** - Open access to inventory but the head consists of two sub groups that may limit access in the future.
 - i. **Walls in construction** (Applovin, Ironsource, Zynga, Unity) - Ad tech companies that have acquired gaming publishers or vice versa. They're using Google demand to grow both their gaming and ad tech businesses but are already reducing access to their most valuable inventory and will continue to restrict
 - ii. **Undecided** (Miniclip, EA, Playtika) - Mobile gaming publishing companies that own large portfolios of studios and titles but have not decided whether to start fencing off access.

[REDACTED]

[REDACTED]

Commented [40]: compliance?

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

B. Ad Manager Strategy (Web)

Key Themes

- A. *Pending cookie deprecation.* Business models will be affected significantly over the next 3 years. Large publishers are hedging bets by investing more in direct relationships with advertisers (i.e. reservations, direct deals) leveraging publisher first party data assets.
- B. *Growing AdTech regulation in privacy and competition.* Regulators continue to scrutinize ad tech. We will see meaningful legislation addressing RTB privacy principles and transparency in the programmatic supply chain.

[REDACTED]

- D. *Search for alternative monetization.* The changes described above make it harder and harder for publishers to rely on a purely ad-supported business model. While some head publishers have had success with subscriptions, it remains to be seen if that will scale with others. Publishers continue to experiment with subscriptions and contributions.
- E. *Growing mobile web.* Non-webview mobile web continues to grow much faster than desktop web, indicating the shift to mobile continues and the open web is intact.
- F. *Commerce focus.* Digital retailers from Walmart to Target to Instacart are seeking sophisticated stay-on-site monetization solutions. Criteo is investing heavily in a Sellside platform for retailers (based on their hooklogic acquisition).